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January 28, 2005

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Office of Managing Director
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, DC 20554

Attn: Wireline Competition Bureau

**Re: Federal-State Joint Board on Universal Service
Petition for Waiver – Expedited Action Requested
filed by Smith Bagley, Inc.
CC Docket No. 96-45**

Dear Madam Secretary:

On behalf of Smith Bagley, Inc. (“SBI”), we write to follow up on a request from the Commission staff for additional information in connection with SBI’s Petition for Wavier¹ (“Petition”) in the above-referenced proceeding.

The staff requested data on the number persons or households within the Eastern Navajo Agency which is the subject of this Petition. Based upon a review of the 2000 U.S. Census data covering the Eastern Navajo Agency, SBI estimates the population of the Eastern Agency to be **34,994** and the number of households to be **9,496** as of 2000. SBI believes these numbers to be higher today because the Eastern Agency population is growing and because the U.S. Census tends to undercount Native American populations.²

¹ Smith Bagley, Inc., Petition for Waiver – Expedited Action Requested, CC Docket No. 96-45 (filed March 19, 2004).

² We note that in its November 15, 2004 supplement, SBI estimated the 2004 population to be 37,400, based on the 2000 U.S. Census and including an estimate of the population growth over the past four years.

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In addition, based on the same 2000 Census data, SBI estimates that the individual per capita income to be \$6,892.07. Finally, according to the 2000 Census, 67% of occupied housing units do not have telephone service.

Until SBI was designated as an ETC, consumers on the Eastern Agency could take service from only one ETC, which was the incumbent local exchange carrier. SBI is currently the only other ETC designated on the Eastern Navajo Agency.

Based on the information above, the public benefits from granting the requested relief will be substantial. Using the 2000 Census data as a conservative estimate, 6,362 of the 9,496 housing units do not have telephone service, affecting approximately 23,446 people. SBI has established that it is capable of aggressively reaching out to tribal members on reservation lands where it has been designated. USAC's publicly available data reveals that telephone subscribership by low-income consumers living on reservation lands in Arizona has increased dramatically since its designation as an ETC.

SBI believes the Commission may easily conclude that a grant of this waiver will result in similar increases in subscribership on the Eastern Navajo Agency, where demographics are similar to those found in other portions of the Navajo Reservation.

We trust that you will find this information to be useful. Should you have any questions or require any additional information, please contact undersigned counsel directly.

Sincerely,

A handwritten signature in black ink, appearing to read "David LaFuria".

David LaFuria
Counsel for Smith Bagley, Inc.